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To: Members of the House Commerce Committee
From: Todd Tennis
Date: December 12, 2011
RE: SB 806

On December 6, I testified to the House Commerce Committee on behalf of the International Brotherhood of Electrical Workers regarding their concerns with some of the changes contained in Senate Bill 806. Specifically, the IBEW is concerned about lowering the threshold for “suitable work” after a worker has collected unemployment benefits for 10 weeks. While we feel this will have a deleterious effect on all unemployed workers, it will have an even greater impact on workers in the construction industry. Because of the unique nature of construction work, forcing out-of-work electricians, plumbers, pipefitters and others in the building trades to take lower wage jobs or face forfeiture of their unemployment benefits puts these workers in a very difficult position. While we do not favor lowering the suitable work standard for any unemployed worker, we asked that the committee consider at the very least exempting those in the construction field from the new requirements.

Another possible way of addressing this problem is by allowing any worker who leaves a job for the prospect of a better job to do so without fear of jeopardizing his or her future unemployment benefits. This could be done by amending Section 29(5) of the act so it reads:

(5) If an individual leaves work to accept ~~permanent full-time employment~~ **SUITABLE WORK AS DEFINED IN SUBSECTION 29(6) AND 29(7)** with another employer and performs services for that employer, or if an individual leaves work to accept a recall from a former employer, all of the following apply:

This solution does not single out the construction industry, even though workers in that industry will undoubtedly be hit hardest by the changes to the definition of “suitable work” in SB 806 (S-1). Although the Associated Builders and Contractors of Michigan and the Michigan Association of Home Builders have claimed that the construction industry is no different than any other in terms of hiring practices, or of the burdens that lowering the suitable work definition would place on unemployed workers, we respectfully disagree. The ABC’s and MAHB stated that testimony from the Unemployment Insurance Agency claimed that it was highly unlikely that an individual would lose benefits if they quit a non-construction job to go back to a construction job only to be laid off from that construction job. I contend that this is, in fact, **the opposite** of what the UIA stated.

The UIA representatives told the committee that a worker leaving a part-time job to take a full-time job would be not be considered a voluntary quit and therefore would receive unemployment benefits if they were laid off from the new job. Also, they stated that if a worker left a full-time job to accept a “permanent” job, they would similarly be protected. However, the agency considers “permanent” to mean a job lasting more than 20 weeks. In most cases, a building trades worker in the situation I am describing would not be leaving a part-time job to move to a full-time job. Furthermore, a large percentage of jobs in the construction industry last far less than 20 weeks – and many last only 2-3 weeks.

For example, journeyman electricians on the "Out of Work" list at the Grand Rapids IBEW local have received 204 referrals to date in 2011. Of these, 100 were for jobs lasting less than 2 weeks, 26 were for jobs lasting less than 4 weeks, and 30 were for jobs lasting less than 12 weeks. Therefore, approximately 75% of the referrals made in 2011 were for jobs that the Unemployment Insurance Agency would not qualify as "permanent."

The ABC and MAHB claimed that a construction worker faced the same scenario as an auto-mechanic when faced with having to choose to either stay at a low-wage job or accept a job in their field. This is simply not the case. As I stated above, many construction jobs end when the project is over and therefore will not meet the "permanent" requirement. I have never heard of an auto mechanic job which ended after the repair on the auto was completed.

It is true that forcing out-of-work construction workers to accept low-wage jobs is just as burdensome on them as it will be to any other highly skilled or educated worker. The difference occurs when those workers try to get back into jobs within their skill sets. Since construction jobs are very often short-term, construction workers run a much greater risk of losing their ability to collect future unemployment benefits if they leave a low-wage job to take them. The simplest way to deal with this consequence is to apply the existing definition of "suitable work" to unemployed construction workers for the full duration of their unemployment benefit period. However, if an exemption for a specific class of worker is unacceptable to the committee members, than I suggest the alternative outlined above as an alternative.

Thank you for your consideration of this proposal. I am happy to discuss this issue further with you if you have any questions or concerns.